

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House
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FISCAL IMPACT STATEMENT

LS 7523

BILL NUMBER: HB 1559

DATE PREPARED: Feb 26, 1999

BILL AMENDED: Feb 25, 1999

SUBJECT: State immunity for computer errors.

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FUNDS AFFECTED: X GENERAL
DEDICATED
FEDERAL

IMPACT: State & Local

Summary of Legislation: (Amended) This bill grants immunity to the state of Indiana, a political subdivision, and any employee of the state or a political subdivision from tort liability that results from an act or omission performed in good faith in reliance upon an electronic information system that erred if: (1) the error was caused by the previously undiscovered failure of the electronic information system to correctly process a date of the year 2000 and years following; (2) any loss that resulted because of the error was abated with reasonable promptness and in good faith upon notice of the error; and (3) the governmental entity undertook a reasonable effort to review, analyze, remediate, and test its electronic information systems to discover and correct any failure to correctly process a date of the year 2000 and years following. It also provides that the immunity expires June 30, 2003.

Effective Date: December 31, 1998 (retroactive).

Explanation of State Expenditures: The specific fiscal impact of this bill is indeterminable. Any cost savings would depend on the number of lawsuits that would have been filed against the state for tort or contract liability had an incorrect date been produced, calculated, or generated by a computer or other information system. In the 1997 budget, the General Assembly appropriated \$57 million from both the General and Dedicated Funds to facilitate the transition of all executive branch agencies' computers to the year 2000. Contractors have been hired to make the transition, and vendors have been contacted to determine if their products are "year 2000 compliant."

Explanation of State Revenues: If the proposal decreases the number of civil actions that would have occurred, the state would experience a decrease in revenue from filing fees that are deposited in the State General Fund.

Explanation of Local Expenditures: The fiscal impact is indeterminable, and any cost savings to local political units would depend on the number of lawsuits that would have been filed against the local unit for

tort or contract liability had an incorrect date been produced, calculated, or generated by a computer or other information system.

Explanation of Local Revenues:

State Agencies Affected: All

Local Agencies Affected: All

Information Sources: Bill Pierce, Year 2000 Dir., Data Processing Oversight Committee, 233-2009; Robert Amos, Data Processing Coordinator, Legislative Services Agency, 232-9868; Rusty Lowe, Dir., Information Services, Court Administration, 232-2542.